



ASX ANNOUNCEMENT

21 June 2021

Fat Prophets Global Contrarian Fund (ASX Code FPC) Estimated Pre-Tax NTA 16th June 2021

The estimated pre-tax NTA per share for the Fat Prophets Global Contrarian Fund as 16 June 2021 is as follows:

	Amount (\$)
Pre-Tax NTA (as at 16 June 2021)	1.4968
Pre-Tax NTA (as at 31 May 2021)	1.5445
Change in NTA (31 May 2021 to 16 June 2021)	-3.09%

For the period from 31 May to June 2021 the Fund recorded a 3.09% decrease in estimated pre-tax NTA from \$1.5445 to \$1.4968. **Most of the drop in pre-tax NTA was attributable to the dividend being paid earlier in the week of 3 cents per share.** The number of shares on issue also increased due to the dividend reinvestment plan, which also had a dilutionary impact on pre-tax NTA.

Portfolio Changes and Market Outlook

Since our last update, the Federal Reserve concluded the FOMC meeting and managed to appease somewhat to bond vigilantes by acknowledging risks to their inflation target and bringing forward guidance on when interest rate settings would be adjusted upwards. Consequently, the US dollar index rallied, bond valuations firmed, and commodity and precious metal prices corrected sharply which weighed on the Fund's performance.

The Fund's zero cost collar hedge which insulated the portfolio during May and June expired last Friday, which fits with our view that equity markets could reassert to the upside over coming months, and as second quarter reporting season gets underway in July. The option hedge was effective, closing out virtually flat for the fund in terms of cost.

Whilst the Fed somewhat pivoted this week, we continue to view the recent moves in the US dollar, bonds, and commodity and precious metal prices as corrective. Inflationary pressures will likely prove to be more resilient over the medium term in our opinion.

Adding to performance was **Beston Global Food Group**, only added to the portfolio last month, and now rerated by the market following the commissioning of a new lactoferrin plant that we anticipate will significantly boost revenues and EBITDA. This should mark a major turning point for Beston, which has had its share of corporate issues in the past. Also adding to performance was **Domino's Pizza Group** and fintech platform **Praemium**, both having received substantial valuation upgrades by a number of brokers. **Whitehaven Coal** was also rerated by investors on the back of a resurgent thermal coal price. Japanese seasoning manufacturer Ajinomoto continues to be also rerated after implementing a successful corporate turnaround strategy.

Angus Geddes
Chief Investment Officer
Fat Prophets Global Contrarian Fund